

**CHICAGO BOARD OF TRADE
NOTICE OF DISCIPLINARY ACTION**

FILE NO.: CBOT 09-03091-BC

MEMBER: Goldman, Sachs & Co.

**CBOT RULE
VIOLATION:** Rule 432.W. (General Offenses)

It shall be an offense for a Member to fail to diligently supervise its employees and agents in the conduct of their business relating to the Exchange.

FINDINGS: Pursuant to an offer of settlement in which Goldman, Sachs & Co. neither admitted nor denied the rule violation upon which the penalty is based, on May 29, 2013, a Panel of the CBOT Business Conduct Committee found that in December 2008, CME Group Inc. Market Regulation Department was in regular contact with Goldman, Sachs & Co. regarding its Treasury Desk's large position in the December 2008 10-Year Treasury futures contract, which was set to expire on December 19, 2008. Goldman, Sachs & Co. did not adequately relay Market Regulation's concerns to its Treasury Desk traders. During the final minute prior to expiration of the December 2008 10-Year Treasury futures contract, in order to cover the tail (a standard form of risk management activity associated with holding a Treasury futures position at expiry) for the position held by Goldman, Sachs & Co.'s Treasury Desk, a Treasury trader for Goldman, Sachs & Co., executed a 100-lot market order, and then submitted a 50-lot limit order, which was only partially filled as a result of illiquidity in the market. During the course of these orders and subsequent fills, the market traded up 27+ ticks resulting in the final price of the December 2008 10-year Treasury futures contract settling above what was indicated by the December – March calendar spread. The Panel concluded that, by virtue of the foregoing, Goldman, Sachs & Co. violated CBOT Rule 432.W.

PENALTY: In accordance with the settlement offer, the Panel ordered Goldman, Sachs & Co. to pay a fine of \$875,000.

**EFFECTIVE
DATE:** May 31, 2013

**CHICAGO BOARD OF TRADE
NOTICE OF DISCIPLINARY ACTION**

FILE NO.: CBOT 09-03091-BC

NON - MEMBER: Edward Glenn Hadden

**CBOT RULE
VIOLATIONS:** Rule 560. Position Accountability (In Part)

A person who holds or controls, or a member firm that carries for another person, aggregate positions in excess of those specified in the Position Accountability column in the Position Limit and reportable Level Table in the Interpretations Section at the end of Chapter 5, shall be subject to the following provisions:

...(c) Such positions must be initiated and liquidated in an orderly manner.

FINDINGS: Pursuant to an offer of settlement in which Edward Glenn Hadden neither admitted nor denied the rule violations upon which the penalty is based, on May 29, 2013, a Panel of the CBOT Business Conduct Committee found that on December 19, 2008, during the final minute prior to expiration of the December 2008 10-Year Treasury futures contract, in order to cover the tail (a standard form of risk management activity associated with holding a Treasury futures position at expiry) for the position held by Goldman, Sachs & Co.'s Treasury Desk, Hadden, then a Treasury trader for Goldman Sachs & Co., executed a 100-lot market order, and then submitted a 50-lot limit order, which was only partially filled as a result of illiquidity in the market. During the course of these orders and subsequent fills, the market traded up 27+ ticks resulting in the final price of the December 2008 10-year Treasury futures contract settling above what was indicated by the December – March calendar spread. The Panel concluded that, by virtue of the foregoing, Hadden violated CBOT Rule 560.

PENALTY: In accordance with the settlement offer, the Panel ordered Hadden to pay a fine of \$80,000. The Panel also suspended Hadden for a period of ten business days from directly accessing all CME Group Inc. trading floors, and indirect and direct access to all electronic trading and clearing platforms owned or controlled by CME Group Inc. The Panel also ordered that Hadden's 10 day suspension shall begin July 15, 2013.

**EFFECTIVE
DATE:** May 31, 2013